

## **FISCAL NOTE**

### **HB 2181 - SB 2230**

April 26, 2005

**SUMMARY OF BILL:** Creates the Tennessee Health Insurance Plan. Authorizes the Commissioner of the Department of Commerce and Insurance to chair an eight member board appointed by the governor. The board would submit a plan of operation for the insurance plan and make an annual report to the governor which would also be filed with the legislature. Persons are ineligible for coverage if: the person is eligible for TennCare or Medicaid; the person has exhausted the lifetime limits under the plans coverage; or the person is eligible for coverage under the Tennessee Health Insurance Portability, Availability and Renewability Act. Employers and insurers are prohibited from coercing any individual to participate in the plan. The plan would establish premium rates of not less than 150% of rates established as applicable for individual standard risk and any deficit incurred by the plan would be funded through state appropriations and funds received through federal sources.

#### **ESTIMATED FISCAL IMPACT:**

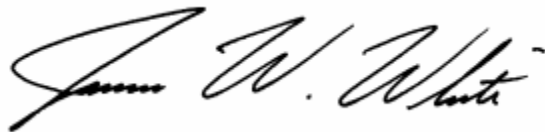
**Increase State Expenditures – Exceeds \$2,400,000 Recurring  
\$21,100 One-Time**

#### **Assumptions:**

- The Department of Commerce and Insurance, Insurance Division will be required to provide regulatory oversight and guidance. The Department will need six additional positions to perform the required functions of the bill estimated at \$316,500 for salary and benefits and \$46,200 for administrative costs. Office set-ups are estimated at \$21,100 one-time.
- Premiums from the plan participants will account for approximately 50% of the overall plan expenses with the other half of the operational expenses being provided by a combination of state appropriation and industry assessment.
- The premium is based on the average employee premium of the state health plans, the per capita benefit payments and a \$30 administrative fee.
- The state appropriation, based on 150% of the average premium per 1,000 enrollees, is estimated at \$2.2 million.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director